

Chapter Twelve

Financial Management

Overview

Policy

All WIC program funds received by the Arizona Department of Health Services (ADHS) will be accurately documented, and all expenditures made will be according to procedures set forth in the State of Arizona Accounting Manual.

In This Chapter

This chapter is divided into three (3) sections which detail state and local responsibilities, Monthly Summary Report and three (3) appendices.

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Section A

State Responsibilities

Overview

State Agencies are required by statute to submit to the State Finance Division encumbrance documents. Encumbrance documents detail all proposed obligations for Outside Professional Services, In State and Out of State Travel, and Capital Equipment.

In addition, it is the policy of the ADHS that all proposed obligations of \$50.00 or more be encumbered. The ADHS Accounting Office must confirm the availability of funds before encumbrances are submitted to the State Finance Division.

Outside Professional Services and Travel

Control of program funds expended for Outside Professional Services and Travel will be maintained by use of the Department Encumbering Procedures. These procedures are outlined in the ADHS Procedures Manual, Section IV, Part 3 (see pages VI-5 through VI-13)

Personnel Services

Personnel are specifically assigned to established positions classified under the Uniform Classification Plan administered by the Personnel Division of the Arizona Department of Administration (ADOA).

Payroll charges for personnel assigned to those positions specifically identified in the Arizona WIC Program will be charged against the appropriate State Administrative Budget and Cost Center.

All charges to Personnel services and Employee Related categories shall be calculated by the ADHS Payroll Section.

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Section A

State Responsibilities (Continued)

Capital Expenditures

Requests for encumbrance for Capital Equipment, expenditures over \$1,000.00, and encumbrances of all other Program funds will be authorized by the Chief of the Office of Chronic Disease Prevention and Nutrition Services (OCDPNS), or the Nutrition Programs Manager, or their designee. After the purchase is completed, a copy of the vendor's invoice and an equipment inventory list will be submitted to the State Agency.

Equipment Inventory

Documentation of expenditures more than \$5,000.00 will be sent to ADHS Inventory Control. Inventory Control will assign an equipment number and add the item to the ADHS's Inventory Listing. An equipment number tag will be forwarded to the location of the equipment and permanently affixed to the item.

A computerized inventory listing is printed annually for each equipment location showing all equipment numbers, equipment description, cost, date acquired, and the funding source which purchased the equipment. In this way, property purchased with program funds can be distinguished from other property.

Contracts More Than \$10,000

State statutes require Requests for Proposals (RFPs) for advertising, sealed bids, and contracts for all Outside Professional Services more than \$10,000.00. The State Agency will comply with all provisions of ARS Title 41, Chapter 6.1, Sections 41-1051 as outlined in the ADHS Procedures. (see section IV, Part 3).

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Section A

State Responsibilities (Continued)

Contractor's Expenditure and Requirements Report

All Contractor's Expenditure and Requirements (CER) Reports will be signed by the Chief of OCDPNS, Nutrition Programs Manager, or their designee. This signature certifies that the Local Agency's performance is satisfactory and that payment can be advanced according to that agency's contract.

ADHS reserves the right to withhold funds requested for advance payment in the event program reports are not received or other contract requirements are not being met. Funds can be withheld until such time as the reports are received or ADHS is satisfied that contract requirements are met.

Account Ledgers

The ADHS Accounting Office will maintain a complete, accurate and current accounting of all program funds received and expended. A complete self-balancing group of accounts will be maintained for the WIC Program fund. These records will be used to prepare all WIC financial reports required.

All funds advanced up to the limit established by the contract, and all expenditures reported by the respective CER report, will be recorded in that Local Agency's file.

A separate ledger card will be established, by line item, from the budget page of the current contract with each respective Local Agency.

Financial Management System

The ADHS Controller will issue to the Local Agencies the procedures for designing and maintaining a financial management system "Accounting and Auditing Procedures Manual for ADHS Funded Programs." (See guidelines on page VI-14 through VI-55.)

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Section A

State Responsibilities (Continued)

Financial Management System (Continued)

Likewise, the state administrative costs will be compared to the proportionate share of the state budget. These rates will be compared with the time elapsed on the contracted budget to determine over/under-spending or disproportionate spending between line item categories.

Determination Of Costs - Food

Total food obligations for the month, and cumulatively, for the federal fiscal year, (as calculated for the FNS-798 report), will also be compared to budgeted amounts.

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Section B

Monthly Summary Report and Follow-Up

Policy

Using the data on food and administrative costs, the Nutrition Programs Manager will compile a summary report by the 27th of each month containing:

- Total participation and Local Agencies significantly above and below assigned caseload
 - Total administrative expenditures broken out by State Agency and Local Agencies, monthly and cumulative figures, and percentages of proportionate budget for the fiscal year
 - Obligations, both monthly and cumulative figures, and percentages of proportionate budget
 - Average cost per participant for food and administration, both monthly and cumulatively, for the fiscal year
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Section C

Local Agency Responsibilities

Fiscal Management System

Each Local Agency will design and maintain a fiscal management system which accurately accounts for all program funds received and expended. The system will enable the Local Agency to submit an accurate CER report no later than 30 calendar days following the end of the report month.

The system will include the minimum records, source documents, and procedures set forth in the ADOA Procurement Rules and Regulations (see Appendix A).

Capital Equipment Purchases

Each Local Agency will request prior approval from the Nutrition Programs Manager or designated representative before expending Program funds for any equipment costing more than \$5,000.00. After approval is received and equipment is purchased, a copy of the vendor's invoice and a Capital Equipment Expenditure (CEE) report will be submitted for reimbursement.

For those expenditures costing more than \$5,000.00, the CEE report and the invoice(s) will be kept at the State Agency.

The above forms will be forwarded to Inventory Control so that identification tags can be issued. Upon receipt of the equipment number tag, it will be affixed to the equipment.

ADP Equipment / Software Purchase

Prior approval by the Nutrition Programs Manager or designated representative is required for all Management Information Systems items (hardware and software) costing less than \$25,000.00 purchased with program funds. Purchases costing more than \$25,000 require USDA, Food and Nutrition Service approval in addition to State Agency approval. After the purchase is completed, a copy of the vendor's invoice and an equipment inventory list will be submitted to the Arizona WIC Program.

Note: All equipment purchased must be encumbered within the contract period for which the funds are budgeted, i.e., by September 30th of that year.

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Section C

Local Agency Responsibilities (Continued)

Annual Inventory	Each Local Agency will annually inventory all property purchased with program funds and submit a certified correct copy of the inventory to the ADHS Inventory Control Officer by January 31 st .
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Inventory records will identify all items and their locations. The records should identify items as paid for with WIC funds. Equipment should be kept where specified. If equipment is removed from the premises, an ADHS Capital Equipment Control Report must be completed to document its new location.

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Appendix A: ADHS Procurement Rules and Regulations

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Appendix B: Contractor's Expenditure and Requirement Report

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Appendix C: Annual Cost Summary

**Arizona WIC Program
Annual Cost Summary**

Local Agency: _____

Fiscal Year: _____

	Client Services	Nutrition Education	Breastfeeding Promotion	Administrative
Personnel & ERE				
Professional & Outside Services				
Travel Costs				
Occupancy Costs				
Other Operating Costs				
Capital Costs				
Indirect Costs				
TOTAL				

Signature of Program Director

**Submit this report to:
Business and Financial Manager
Office of Chronic Disease Prevention and Nutrition Services
150 North 18th Avenue, Suite 310
Phoenix, Arizona 85007**